

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6178

BILL NUMBER: SB 121

NOTE PREPARED: Nov 23, 2012

BILL AMENDED:

SUBJECT: Limitation on Adoption of Agency Rules.

FIRST AUTHOR: Sen. Leising

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that after July 1, 2013, a state agency may not adopt a rule that will have a total estimated economic impact of any amount on the state, an instrumentality of the state, or a political subdivision unless the rule is required to comply with a court order or with a federal law, a federal regulation, or the terms of a federal grant or loan. For a rule that meets this requirement, it requires the agency proposing it to submit the rule to the Office of Management and Budget for a fiscal analysis and preparation of a fiscal impact statement.

Effective Date: Upon passage.

Explanation of State Expenditures: *Summary* - This bill could decrease administrative costs to the extent that administrative agencies are adopting rules (subject to the approval of the State Budget Agency) that increase the administrative costs of the state, an instrumentality of the state, or a political subdivision.

Background Information - Executive Order 2-89 and Financial Management Circular (FMC) 2010-4 require state agencies to complete a fiscal analysis of a proposed rule's impact on state and local government. The Office of Management and Budget (OMB) does not conduct their own fiscal analysis unless an agency's analysis is incomplete. Executive Order 2-89 provides that proposed rules, or amendments or modifications to existing rules, must be approved by the State Budget Agency.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: Ann Kaiser, Office of Management and Budget, 317-234-2079.

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